

# Significant developments relevant to asset owners in 2025

## Government's delivery on manifesto commitments

### 1. Pensions Investment Review & launch of Pensions Commission

- Soon after coming into office in July 2024, the Government announced the launch of the Pensions Investment Review. The intent was for this to be a two-part review with Part 1 focused on investment and Part 2 focused on long term adequacy and sustainability challenges.
- The purpose of Part 1 was to consider how pension funds could boost UK growth through investment in productive assets in a way that also improved member outcomes. An interim report was published in November 2024<sup>1</sup>, and two major consultations were launched alongside this:
  - Unlocking the UK Pensions Market for Growth<sup>2</sup> which focused on accelerating consolidation in the DC market, introducing scale requirements, and embedding a value-for-money culture.
  - Local Government Pension Scheme (England and Wales): Fit for the Future<sup>3</sup> which proposed reforms to asset pooling, governance, and local investment priorities for the LGPS.
  - Pensions UK responded to both – and our responses can be found on our website.<sup>4 5</sup>

---

<sup>1</sup> HM Treasury – Department for Work and Pensions – Ministry of Housing, Communities and Local Government, 2024, Pensions Investment Review – Interim Report, [https://assets.publishing.service.gov.uk/media/6736181254652d03d5161199/Pensions\\_Investment\\_Review\\_interim\\_report.pdf](https://assets.publishing.service.gov.uk/media/6736181254652d03d5161199/Pensions_Investment_Review_interim_report.pdf)

<sup>2</sup> HM Treasury & Department for Work and Pensions, 2024, Unlocking the UK Pensions Market for Growth, Consultation on reforms to the Defined Contribution pension market to build scale and put savers first, [https://assets.publishing.service.gov.uk/media/67372cf9c0b2bbee1a127202/pensions\\_investment\\_review\\_unlocking-the\\_uk\\_pensions\\_market\\_for\\_growth.pdf](https://assets.publishing.service.gov.uk/media/67372cf9c0b2bbee1a127202/pensions_investment_review_unlocking-the_uk_pensions_market_for_growth.pdf)

<sup>3</sup>

<sup>4</sup> Pensions UK, 2025, Local Government Pension Scheme (England and Wales): Fit for the Future – Pensions UK response, <https://www.pensionsuk.org.uk/Portals/0/Documents/Policy-Documents/2025/LGPS-Fit-for-the-future-Jan-2025.pdf>

<sup>5</sup> Pensions UK, 2025, Unlocking the UK Pensions Market for Growth – Pensions UK response, <https://www.pensionsuk.org.uk/Portals/0/Documents/Policy-Documents/2025/Pensions-Investment-Review-Unlocking-the-UK-pensions-market-for-growth-Jan-2025.pdf>

- The Review’s final report,<sup>6</sup> published alongside the Government’s response to the two consultations,<sup>7</sup> <sup>8</sup> in May 2025, outlined the Government’s growth agenda and set out a series of measures to be legislated on through the Pension Schemes Bill.
- Part 2, “Finishing the job: Launching the Pensions Commission”<sup>9</sup> was announced in July 2025. The Commission is to be chaired by Baroness Jeannie Drake, to review the long-term future of UK pensions. Its remit is to tackle retirement adequacy, fairness, and sustainability, building on the Pensions Investment Review and Pension Schemes Bill. We expect a final report to be issued in 2027.

## 2. Introduction of the Pension Schemes Bill<sup>10</sup>

- The long-awaited Pensions Schemes Bill, introduced in June 2025, has announced sweeping reforms to scale, value, and investment in UK pensions. Key measures include:
  - DC consolidation & scale: Mandates creation of “megafunds” with at least £25 billion in default funds by 2030, driving economies of scale and enabling investment in productive assets.
  - Small pots consolidation: Automatic transfer of deferred pots under £1,000 to authorised consolidators, reducing fragmentation and costs.
  - Value for Money Framework: Regulatory powers to enforce VFM standards across schemes, with first assessments expected in 2028.
  - DB surplus flexibility: Trustees can return surplus to employers under new statutory powers, subject to safeguards.
  - Decumulation duty: Schemes must offer default retirement pathways by 2027–28.
- In announcing these proposals in the Bill, the Government has positioned UK pensions as a lever for economic growth while also aiming to improve member outcomes. We expect the proposals in the Bill to lead to fewer, bigger schemes to unlock scale benefits through the consolidation of DC

---

<sup>6</sup> HM Treasury – Department for Work and Pensions – Ministry of Housing, Communities and Local Government, 2025, Pensions Investment Review – Final Report, [https://assets.publishing.service.gov.uk/media/683971d8e0f10eed80aafb3a/27.05.2025\\_PM\\_-\\_final\\_report.pdf](https://assets.publishing.service.gov.uk/media/683971d8e0f10eed80aafb3a/27.05.2025_PM_-_final_report.pdf)

<sup>7</sup> HM Treasury & Department for Work and Pensions, 2024, Unlocking the UK Pensions Market for Growth – Consultation response, [https://assets.publishing.service.gov.uk/media/683724c9dc6ebc5eca0cbb12/28\\_05\\_2025\\_Government\\_Response\\_Unlocking\\_the\\_UK\\_Pensions\\_Market\\_for\\_Growth.pdf](https://assets.publishing.service.gov.uk/media/683724c9dc6ebc5eca0cbb12/28_05_2025_Government_Response_Unlocking_the_UK_Pensions_Market_for_Growth.pdf)

<sup>8</sup> Ministry for Housing, Communities and Local Government, 2025, Local Government Pension Scheme (England and Wales): Fit for the Future, <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/outcome/local-government-pension-scheme-england-and-wales-fit-for-the-future-government-response>

<sup>9</sup> Department for Work and Pensions, 2025, Finishing the job: Launching the Pensions Commission, <https://www.gov.uk/government/publications/finishing-the-job-launching-the-pensions-commission/finishing-the-job-launching-the-pensions-commission>

<sup>10</sup> UK Parliament, 2025, Pension Schemes Bill, <https://bills.parliament.uk/bills/3982>

schemes and the Government hopes to drive greater investment in UK productive assets.

- We expect the Bill to receive Royal Assent in Spring 2026. Pensions UK has been involved and engaged with the Government and our members throughout the passage of the Bill.

### 3. Government commitment on transition plans

- In their manifesto, the Government made a commitment to mandating UK-regulated financial institutions and large companies to develop and implement credible transition plans that align with the 1.5C goal of the Paris Agreement.
- In June 2025, the Government issued a consultation<sup>11</sup> on transition plan requirements as part of a wider package of consultations signalling the first steps of this Government in developing a UK sustainability reporting framework that is fit for the long term.
- Pensions UK responded<sup>12</sup> to the consultation and will continue to engage as proposals develop. We are expecting a further, follow-up consultation to articulate more detailed proposals around how the Government will meet their manifesto commitment. We have urged the Government to ensure it considers their transition plans proposals in the context of the wider changes coming in through the introduction of UK Sustainability Reporting Standards (UK SRS) and the DWP Review of TCFD.

### 4. Employment Rights Bill<sup>13</sup>

- The Employment Rights Bill, introduced in October 2024, is expected to receive Royal Assent in late 2025.
- Some of the key provisions within the Bill include:
  - Changes to day-one rights for unfair dismissal with the qualifying period being reduced from two years to six months (from 2027).
  - Ban on “fire and rehire” (2026).
  - Expanded family leave and statutory sick pay from day one (2026).
  - Stronger collective redundancy consultation rules and Fair Work Agency creation.
- From a pension scheme perspective, the Bill will lead to increased employment protections which may affect scheme sponsors’ financial

---

<sup>11</sup> Department for Energy Security and Net Zero, 2025, Transition Plan Requirements: Implementation Routes, <https://www.gov.uk/government/consultations/climate-related-transition-plan-requirements/transition-plan-requirements-implementation-routes-accessible-webpage#foreword-by-the-secretary-of-state-for-energy-security-and-net-zero>

<sup>12</sup> Pensions UK, 2025, Transition Plans requirements: Implementation routes – Pensions UK response, <https://www.pensionsuk.org.uk/Portals/0/Documents/Policy-Documents/2025/Transition-plans-requirements-implementation-routes-Sep-2025.pdf>

<sup>13</sup> UK Parliament, 2024, Employment Rights Bill, <https://bills.parliament.uk/bills/3737>

resilience and HR strategies, influencing covenant assessments for DB schemes.

- It will also deliver enhanced worker rights and fair work standards, and this will likely become part of social factors in stewardship and ESG engagement, requiring asset owners to monitor compliance and workforce practices at investee companies.

#### 5. Audit and corporate governance reform

- There is currently no timetable for the Audit and Corporate Governance Bill and therefore plans to replace the FRC with a new regulator (Corporate Reporting Authority) and strengthen director accountability remain delayed.

#### Updated FRC Stewardship Code

- The Financial Reporting Council published the revised Stewardship Code<sup>14</sup> in June 2025, which will take effect from January 2026. This marks the most significant update since 2020 and reflects feedback from asset owners and service providers on reducing complexity while maintaining high standards.
- The key changes introduced include:
  - Reporting is now split into two components: Policy & Context (reported on every four years) and Activities & Outcomes (reported on annually).
  - The number of principles has been reduced, with greater flexibility and a stronger emphasis on outcome-focused reporting.
  - There are new dedicated principles for proxy advisors and service providers, ensuring accountability across the stewardship ecosystem.
- Throughout the Review, we have been engaged and our response to the initial consultation can be found on our website.<sup>15</sup> We flagged a number of concerns, one of which was in relation to the revised definition which was notable in its omission of specific references to ‘environment’ and ‘society’. While we recognised that the new definition provides the scope to consider issues such as environment and society, the view of our members was that the change in removing these risks a dilution in standards at a time where consideration to the environment and society is front of mind for the Government and must also be front of mind for investee companies.
- In addition, we also flagged concerns around the practical implementation of the Code highlighting:

---

<sup>14</sup> Financial Reporting Council, 2026, UK Stewardship Code 2026, <https://www.frc.org.uk/library/standards-codes-policy/stewardship/uk-stewardship-code/>

<sup>15</sup> Pensions UK, 2025, Consultation response: FRC UK Stewardship Code Consultation, <https://www.pensionsuk.org.uk/Policy-and-Research/Document-library/FRC-UK-Stewardship-Code-Consultation-PLSA-Consultation-response>

- That the proposed definition of stewardship needed greater clarity to ensure it promotes long-term value creation and accountability.
- Our concerns around the decision not to consult on accompanying guidance.
- Our concerns that some changes could inadvertently weaken shareholder rights, limiting investors' ability to hold companies to account effectively.
- The FRC hopes that the changes will streamline reporting obligations while reinforcing the importance of demonstrating real-world impact. They expect clearer, outcome-driven stewardship reporting from managers and improved comparability and accountability across the industry. We will continue to monitor the practical implementation of the Code and act to provide further support to members where appropriate.

#### FCA Primary Markets Review and related industry action

- The FCA continued its ambitious programme to make UK capital markets more competitive and attractive for issuers and investors. This year's developments included:
  - A simplified listing regime and overhaul of prospectus rules to reduce friction for companies seeking to raise capital.
  - The launch of PISCES (Private Intermittent Securities and Capital Exchange System), a new platform enabling private companies to trade shares periodically without a full public listing.
- The FCA hopes these reforms will revitalise UK equity markets and broaden access to private investment opportunities. There is the potential for greater exposure to private market opportunities through pooled vehicles, but we are clear on the need for enhanced governance oversight as listing standards evolve.
- That is why it was encouraging to see the development of the Governance for Growth Investor Campaign (GGIC).<sup>16</sup> The initiative advocates for:
  - Strong governance as a foundation for sustainable economic growth
  - Enhanced voting transparency and protection of AGM participation rights.
- The campaign positions asset owners as influential voices in shaping governance standards during a period of regulatory change and reinforces collective engagement power to safeguard long-term interests while also supporting robust governance frameworks for investee companies. This aligns with our own policy position, and we are pleased to be a supporter of

---

<sup>16</sup> Railpen, 2025, Governance for Growth Investor Campaign (GGIC), <https://www.railpen.com/knowledge-hub/our-thinking/2025/governance-for-growth-investor-campaign-ggic/>

the initiative, considering how we can work collaboratively to ensure strong governance standards are not overlooked.

## Vote reporting

- In March 2025, Pensions UK, in collaboration with the FCA-established, industry-led Vote Reporting Group (VRG) developed a new, standardised vote reporting template to support improved transparency, consistency, and engagement between asset managers and asset owners.
- The original PLSA vote reporting template was created to efficiently help trustees meet their new reporting requirements in terms of their managers' wider voting behaviour and provide information on a range of most significant votes (MSVs). It achieved good take-up but was not intended to provide standardised voting information.
- The new template has been developed to 'fill the gap', building upon USA SEC NP-X reporting to provide this information, in response to the growing recognition across the industry that: asset managers were being asked for this information cut in a variety of different ways to suit different clients and their advisers, and asset owners were still not getting the consistent, comparable information across all their managers' voting activity.
- The work of the VRG will be at the heart of the new template with relevant elements of the previous Pensions UK template complimenting it where it has been deemed necessary. We are confident that the new template provides a comprehensive, streamlined and simplified vote reporting template that:
  - Improves vote reporting quality and consistency.
  - Reduces ongoing / overall reporting costs for asset managers.
  - Increases transparency and comparability for clients.
  - Enhances engagement and market discipline.
- The template supports sustainable finance goals, regulatory developments, and ensures greater alignment between asset owners' and asset managers' stewardship objectives and activities. It also supports FCA objectives on market integrity and growth by improving voting transparency, accountability, and investor confidence.
- We have now also published detailed, technical guidance. This technical guidance builds on the FAQs document which was published alongside the new vote reporting template in March 2025 (under our previous name). It has been developed to support users of the template, particularly asset managers, proxy advisers, and asset owners, by providing detailed explanations for each field within the template. It offers clarity on data expectations, formatting, and interpretation, and is intended to maximise the template's usability and uptake.

The final version of the new template, developed by the industry, for the industry, incorporates key elements of the previous Pensions UK template, integrating the industry developed VRG template at its core. It is worth noting that there have been some changes made to the Pensions UK template from the version published in March and so we encourage all users to review the template and technical guidance in full – all documents can be found on our website.<sup>17</sup>

---

<sup>17</sup> Pensions UK, 2025, A new industry shareholder vote reporting template, <https://www.pensionsuk.org.uk/Policy-and-Research/Document-library/A-new-industry-shareholder-Vote-Reporting-Template>

## Disclaimer

Copyright © Pensions UK (the trading name of Pensions and Lifetime Savings Association) 2025. All rights reserved.

This material provided is meant as general information on matters of interest and is not intended as accounting, financial, legal or any other professional advice. You should speak to your professional advisers for advice.

The publisher cannot accept responsibility for any errors in this publication or accept responsibility for any losses suffered by anyone who acts or fails to act as a result of any information given in this publication.